
BOARD OF TRUSTEES OF THE INDIANA PUBLIC RETIREMENT SYSTEM

Resolution No. 2018-09-14

Adopting rules related to the administration of the Fund as described herein.

WHEREAS, the Indiana Public Retirement System exists to provide retirement benefits to its members, their survivors, and beneficiaries;

WHEREAS, the Board of Trustees of the Indiana Public Retirement System, by statute, administers the Fund;

WHEREAS, the Board of Trustees, pursuant to [IC 5-10.5-4-2](#), may establish and amend rules and regulations for the administration of the Fund without adopting a rule under [IC 4-22-2](#);

WHEREAS, the Board of Trustees of the Indiana Public Retirement System wishes to adopt, amend, and/or repeal certain rules contained or to be contained in the Indiana Administrative Code related to the administration of the Fund as described herein; and

WHEREAS, the following adoptions and amendments are effective immediately, unless otherwise stated or covered by law;

NOW THEREFORE, BE IT RESOLVED by the Board of Trustees of the Indiana Public Retirement System that:

SECTION 1. [35 IAC 1.2-3-2](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.2-3-2](#) Reemployment after termination of employment; suspension of membership; withdrawal of contributions

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-5](#); [IC 5-10.2-3-6](#); [IC 5-10.2-3-6.5](#); [IC 5-10.3-7-6](#)

Sec. 2. (a) **Except as provided in [IC 5-10.2-3-6.5](#)**, a member's suspension, after termination of employment and withdrawal of contributions or by operation of [IC 5-10.2-3-5](#), shall be ~~canceled~~ **canceled** and the individual's prior service shall qualify as creditable service if the individual is reemployed in a PERF or TRF covered position. ~~for a period of not less than six (6) consecutive months; however, if the employee shows to the satisfaction of the fund that there was bona fide intent to return to employment and comply with this rule and the employee was capable of performing such employment, but was prevented from working the full six (6) month period due to illness, injury, death of the employee, or other reason which occurred subsequent to the date of the reemployment, then such six (6) month requirement may be waived.~~ Time spent on an employer approved leave of absence granted under the Family Medical Leave Act (FMLA) or pursuant to [IC 5-10.3-7-6](#) taken during the reemployment period shall be used in determining whether the employee met the requirements of this section provided that the member returned to covered employment immediately after termination of such leave.

(b) After a member is suspended under [IC 5-10.2-3-6](#), the member's defined contribution account remains invested as previously directed by the member.

(c) Distributions of less than one thousand dollars (\$1,000) made pursuant to [IC 5-10.2-3-6\(d\)](#) shall be mailed to the address on file with INPRS. INPRS shall make reasonable efforts to obtain valid addresses. If no valid address is available, the money remains invested as the member directed until it is claimed or the plan is otherwise required to make a distribution.

(d) Prior to a distribution, INPRS shall provide the member with all required notices and the reason for the distribution. (*Board of Trustees of the Indiana Public Retirement System*; [35 IAC 1.2-3-2](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1079; readopted filed Oct 31, 2001, 2:18 p.m.: 25 IR 897; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Nov 21, 2008: [20090107-IR-035080955ONA](#); adopted Feb 19, 2010: [20100310-IR-035100124ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#))

SECTION 2. [35 IAC 1.2-3-2.1](#) IS ADDED TO READ AS FOLLOWS:

35 IAC 1.2-3-2.1 Suspension of membership and withdrawal of contributions

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-5](#); [IC 5-10.2-3-6](#); [IC 5-10.2-3-6.5](#); [IC 5-10.3-7-6](#)

Sec. 2.1. (a) This section applies to:

- (1) vested members who suspend their membership and withdraw their ASA after December 31, 2008; and
- (2) vested and nonvested members who suspend their membership and withdraw their ASA after June 30, 2018.

(b) Service credit for a member described in subsection (a)(1) or (a)(2) will not be cancelled due to withdrawal of the member's ASA. *(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-3-2.1](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#))*

SECTION 3. [35 IAC 1.2-5-1.3](#) IS AMENDED TO READ AS FOLLOWS:

35 IAC 1.2-5-1.3 Suspension and withdrawal of ASA without employer separation

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-5](#); [IC 5-10.2-3-6](#)

Sec. 1.3. For withdrawals after the effective date of this rule, in accordance with Section 905 of the Pension Protection Act of 2006, and unless otherwise prohibited by law, a PERF or TRF participant, ~~who is not age and service eligible for a retirement benefit, who:~~

- (1) is no longer working in PERF or TRF covered service with an employer;
- (2) is actively working with the same employer; and
- (3) is working in a non-PERF or non-TRF covered position;

may suspend and withdraw the ~~in a lump sum the~~ amounts in ~~their the~~ member's ASA pursuant to [IC 5-10.2-3-5](#) and [IC 5-10.2-3-6](#) if the participant is at least sixty-two (62) years of age at the time the participant applies for the withdrawal. For example, Josh has worked in a PERF covered position for four (4) years. Josh is promoted to a non-PERF covered position with the same employer. When Josh is sixty-two (62) years of age, he may withdraw his ASA so long as he is not working in a TRF or PERF covered position and is not age and service eligible to receive a PERF or TRF retirement benefit. *(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-1.3](#); adopted Mar 6, 2015: [20150318-IR-035150060ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#))*

SECTION 4. [35 IAC 1.2-5-1.5](#) IS ADDED TO READ AS FOLLOWS:

35 IAC 1.2-5-1.5 Distribution options

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-6.5](#)

Sec. 1.5. (a) A partial distribution means any distribution from a member's defined contribution account that is less than one hundred percent (100%) of the member's balance.

(b) A member may elect a partial or full distribution of the member's defined contribution account (ASA) consistent with [IC 5-10.2-3-6.5](#). *(Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-1.5](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#))*

SECTION 5. [35 IAC 1.2-5-13](#) IS AMENDED TO READ AS FOLLOWS:

35 IAC 1.2-5-13 Beneficiary designation

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2](#); [IC 5-10.3](#)

Sec. 13. (a) "Designated beneficiary" means the person or entity designated by the member on a form approved by INPRS and part of the member's record as of the member's date of death. Beneficiary designations made electronically, via INPRS' website, are deemed to have met the requirements of this subsection.

(b) Members may designate more than one (1) primary beneficiary to receive the balance of their defined contribution account (ASA or RSA). Members may also designate more than one (1) contingent beneficiary.

(c) The primary beneficiary or contingent beneficiary designated by the member shall be:

- (1) one (1) or more persons;
- (2) the member's estate; or
- (3) a trust.

(d) If multiple persons are designated the following shall apply:

(1) The member shall indicate the percentage **in whole numbers (no decimals or fractions)** of total benefits each person is to receive.

(2) If percentages are not indicated **or not indicated in whole numbers**, payments will be disbursed **as nearly** equally to the named beneficiaries **with the first designated beneficiary listed receiving an additional percentage amount in order to distribute in whole percentages. For example: Mona has fifty thousand dollars (\$50,000) in her ASA (defined contribution account) when she dies. Mona designated three (3) primary beneficiaries without assigning a whole percentage number of the total benefit for each to receive. The first listed beneficiary would receive thirty-four percent (34%) and the remaining two (2) beneficiaries would receive thirty-three percent (33%) each.**

(3) If percentages indicated do not total one hundred percent (100%), each beneficiary shall receive an increased or decreased percentage, which is proportional to the percentages allotted him or her by the member.

(4) **Subject to subdivision (2)**, if any of the multiple beneficiaries die prior to the member's death, the remaining beneficiaries shall be entitled to the deceased beneficiary's percentage of the total benefits, and each shall receive a percentage of the deceased's share which is **nearly** equal to the percentage allotted them by the member.

(5) So long as a primary beneficiary survives the member, a designated contingent beneficiary is not entitled to a share of the benefit unless the primary beneficiary disclaims the benefit.

(6) INPRS shall not accept per stirpes beneficiary designations.

(e) The primary and contingent beneficiary designation established by the member shall remain in full force and effect until changed by the member. Beneficiary designations made on a member's retirement application supersede the designation of all previous beneficiaries, unless the notification of retirement is withdrawn, invalid, or voided.

(f) Upon receipt of evidence the primary beneficiary did not survive the member, the contingent beneficiary is eligible to receive the member's defined contribution account.

(g) A member's RSA shall be combined and distributed according to the member's beneficiary designation for the defined contribution account **(ASA)**. A defined contribution account and RSA may not have separate beneficiaries.

(h) The designated beneficiary's right to a benefit vests upon the death of the member in the designated beneficiary on file with the fund. A change of beneficiary designation must be made in a manner and form approved by the board and must be filed with the fund before the time of death of the member. A change of beneficiary designation received after the time of death of the member is not valid. A written beneficiary designation for the ASA or RSA must be signed by the member. Timely electronic beneficiary designations submitted through the fund's website in a form and manner approved by the board shall be deemed to have met the requirements of this rule. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.2-5-13](#); filed Dec 20, 1988, 1:00 p.m.: 12 IR 1083; readopted filed Dec 2, 2001, 12:35 p.m.: 25 IR 1266; adopted Nov 9, 2007: [20071205-IR-035070818ONA](#); adopted Jun 11, 2010: [20100728-IR-035100467ONA](#); adopted Apr 29, 2011: [20110511-IR-035110273ONA](#); adopted Feb 17, 2012: [20120222-IR-035120095ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Jun 23, 2017: [20170705-IR-035170307ONA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#))

SECTION 6. [35 IAC 1.3-4-3](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 1.3-4-3](#) Participation credit options

Authority: [IC 5-10.3-12-18](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10.3-6-1](#); [IC 5-10.3-7-1](#); [IC 5-10.3-12](#)

Sec. 3. (a) A new employing unit joining the plan may give participation credit for previous service earned by a participant with the employer prior to joining the plan at the employer's discretion as expressed in the employer's plan participation ordinance or resolution. For example: Jeff has three (3)

years of service with an employer prior to the employer electing to participate in the plan; Mary is a new employee of the employer. The employer may elect to give up to three (3) years of participation service in the plan for Jeff, but zero (0) years of previous participation service for Mary. Each employee participant will earn additional participation service with the employer going forward.

(b) An employer may not immediately vest a participant in the plan except as provided by this article and [IC 5-10.3-12](#).

(c) No employer or employee contributions are required for vesting purposes for previous employee service.

(d) An employee cannot become a member of the plan except as provided in [IC 5-10.3-12](#). (Board of Trustees of the Indiana Public Retirement System [35 IAC 1.3-4-3](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#))

SECTION 7. [35 IAC 1.3-6-10](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 1.3-6-10](#) Unclaimed ASA assets within dormant accounts

Authority: [IC 5-10.3-12-18](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10.3-12](#)

Sec. 10. (a) Whenever a **vested** member's account has received no contributions for a period of twenty (20) years and ~~the member is at least sixty three (63) years of age,~~ **it has been determined by INPRS that the member is otherwise age and service eligible to receive a benefit**, the fund may conduct an investigation to locate the member.

(b) Reasonable costs of locating the member or the member's beneficiary may be charged against the member's ASA.

(c) If the member or the member's beneficiary is not located after an investigation to locate the member, the monies in the member's ASA ~~shall be credited to the fund and the fund shall retain the monies~~ **remain in the member's account** until the member or the member's beneficiary claims the monies ~~with no further interest credits or earnings after the monies are credited to the fund.~~ **or there are insufficient assets in the account to pay the administrative costs of the account, at such time the account will be closed.** (Board of Trustees of the Indiana Public Retirement System; [35 IAC 1.3-6-10](#); adopted Sep 16, 2011: [20110928-IR-035110564ONA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#))

SECTION 8. [35 IAC 14-1-3](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-1-3](#) "Board" defined

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.4-3](#); [IC 5-10.5](#)

Sec. 3. "Board" means the board of trustees of the Indiana **public retirement system (INPRS) who administer the Indiana** state teachers' retirement fund. **Whenever the term "TRF" is used in singular throughout this article, it means as administered by the INPRS board.** (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-1-3](#); filed Oct 5, 1992, 5:00 p.m.: 16 IR 703; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Nov 19, 2008: [20081126-IR-550080887ONA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-1-2](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-1-3](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 9. [35 IAC 14-1-29](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-1-29](#) "TRF" defined

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2](#); [IC 5-10.4](#)

Sec. 29. "TRF" refers to the Indiana state teachers' retirement fund **as administered by the INPRS board of trustees.** (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-1-29](#); adopted Mar 27, 2007: [20070404-IR-550070200ONA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#)) NOTE: Transferred from

the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-1-13.4](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-1-29](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 10. [35 IAC 14-2-8.5](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 14-2-8.5](#) Distribution options

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-6.5](#)

Sec. 8.5. (a) A partial distribution means any distribution from a member's defined contribution account that is less than one hundred percent (100%) of the member's balance.

(b) A member may elect a partial or full distribution of the member's defined contribution account consistent with [IC 5-10.2-3-6.5](#). (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-2-8.5](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#))

SECTION 11. [35 IAC 14-3-2](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-3-2](#) Membership following the withdrawal of contributions

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-6.5](#); [IC 5-10.4-4-13](#)

Sec. 2. (a) Except as provided under [IC 5-10.2-3-6.5](#) and this article, a member is not entitled to receive benefits after membership is suspended and the amount held in the annuity savings account withdrawn unless the member returns to covered employment in Indiana and remains employed long enough to earn at least one-half (1/2) year of service credit. However, if the member shows to the satisfaction of the fund that there was bona fide intent to return to employment and comply with this rule and the employee was capable of performing such employment, but was prevented from working for the requisite period due to illness, injury, death of the employee, or other reason, which occurred subsequent to the date of the reemployment, then such reemployment period requirement may be waived. Time spent on an employer approved leave of absence granted under the Family Medical Leave Act (FMLA) or pursuant to a leave granted under [IC 5-10.4](#) taken during the reemployment period shall be used in determining whether the person met the requirements of this section provided that the member returned to covered employment immediately after termination of such leave.

(b) Should the fund become aware that a member has reemployed in a covered position within thirty (30) days after having requested the withdrawal and if no withdrawal distribution has been made, the fund will not make the withdrawal distribution and the suspension of membership shall be automatically deferred and the member shall not be eligible for such refund. The member shall notify the fund immediately upon accepting such employment. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-3-2](#); filed Oct 5, 1992, 5:00 p.m.: 16 IR 706; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Mar 27, 2007: [20070404-IR-550070200ONA](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); adopted Dec 17, 2010: [20101229-IR-550100778ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Jun 20, 2014: [20140820-IR-035140335ONA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-3-2](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-3-2](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 12. [35 IAC 14-3-3](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-3-3](#) Reinstatement of creditable service after suspension of membership

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-5](#); [IC 5-10.2-3-6](#); [IC 5-10.2-3-6.5](#); [IC 5-10.4-4-13](#)

Sec. 3. Except as provided by [IC 5-10.2-3-6.5](#) and this article, a member who returns to active service after suspension of membership shall receive credit for prior service when the member is reemployed in a covered position for at least one-half (1/2) year. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-3-3](#); filed Oct 5, 1992, 5:00 p.m.: 16 IR 706; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Mar 27, 2007: [20070404-IR-550070200ONA](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-3-3](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-3-3](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 13. [35 IAC 14-3-3.1](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 14-3-3.1](#) Suspension of membership and withdrawal of contributions

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-5](#); [IC 5-10.2-3-6](#); [IC 5-10.2-3-6.5](#); [IC 5-10.4](#)

Sec. 3.1. (a) This section applies to:

- (1) vested members who suspend their membership and withdraw their ASA after June 30, 2009; and
- (2) vested and nonvested members who suspend their membership and withdraw their ASA after June 30, 2018.

(b) Service credit for a member described in subsection (a)(1) or (a)(2) will not be cancelled due to withdrawal of their ASA. *(Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-3-3.1](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#))*

SECTION 14. [35 IAC 14-3-6](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-3-6](#) Unclaimed ASA assets within dormant accounts

Authority [IC 5-10.2-2-1](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-2-3](#)

Sec. 6. (a) Whenever a vested member's account has received no contributions for a period of twenty (20) years and it has been determined by TRF that the member is otherwise age and service eligible to receive a benefit, the fund may conduct an investigation to locate the member.

(b) Reasonable costs of locating the member or the member's beneficiary may be charged against the member's ASA.

(c) If the member or the member's beneficiary is not located after an investigation to locate the member, the monies in the member's ASA shall be credited to the fund and the fund shall retain the monies **remain in the member's account** until the member or the member's beneficiary claims the monies with no further interest credits or earnings after the monies are credited to the fund. **or there are insufficient assets in the account to pay the administrative costs of the account, at such time the account will be closed.** *(Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-3-6](#); adopted Dec 16, 2009: [20100106-IR-550090990ONA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#))* NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-3-6](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-3-6](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 15. [35 IAC 14-4-4](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-4-4](#) Member designation of beneficiaries

Authority: [IC 5-10.4](#); [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-3-7.5](#); [IC 5-10.2-3-10](#); [IC 5-10.4-4-10](#)

Sec. 4. (a) A new member shall designate, by name, primary and secondary beneficiaries to receive the assets present in the annuity savings account equally or designated by whole percentage increments on the occasion of the member's death prior to retirement, less any disability benefits paid. **"Designated beneficiary" means the person or entity designated by the member on a form approved by INPRS and part of the member's record as of the member's date of death. Beneficiary designations made electronically, via INPRS' website, are deemed to have met the requirements of this subsection.**

(b) A member who establishes a rollover account pursuant to [IC 5-10.2-3-10](#) may designate a beneficiary or beneficiaries separate from those designated on the member's annuity savings account under the requirements as stated herein. **Members may designate more than one (1) primary beneficiary to receive the balance of their defined contribution account (ASA or RSA). Members may also designate more than one (1) contingent beneficiary.**

(c) A member may name more than one (1) individual as primary or contingent beneficiaries of the member's annuity savings account or rollover account. Members may designate that the assets held in the account shall be divided equally or allocated by whole percentage increments to primary and contingent beneficiaries. Upon the

member's death, the assets held in the account shall be divided equally among the surviving primary beneficiaries or, if none, among the surviving contingent beneficiaries, or by whole percentage increments to such beneficiaries if the member has designated percentage increments on a TRF form. Alternative beneficiary designations, such as per stirpes or by representation, will not be accepted or recognized by the fund. If a member has designated more than one (1) primary beneficiary, and one (1) or more of the primary beneficiaries predecease the member and the member does not complete a new beneficiary designation form, the remaining primary beneficiaries will receive an apportioned pro rata share based on the remaining primary beneficiaries' allocated percentages of the deceased primary beneficiary or beneficiaries portion. For example, member X designates three (3) primary beneficiaries as follows: Ann 60%, Bob 30%, and Carl 10%. Ann predeceases member X, and member X does not submit a new beneficiary designation form. Member X had \$10,000 in her annuity savings account (ASA) at the time of her death. Ann's 60% share will be divided between Bob and Carl as follows: Bob \$4,500 and Carl \$1,500. Therefore, the total amount that Bob will receive from member X's ASA is \$7,500, and the total amount that Carl will receive from member X's ASA is \$2,500. **The primary beneficiary or contingent beneficiary designated by the member shall be:**

- (1) one (1) or more persons;**
- (2) the member's estate; or**
- (3) a trust.**

(d) A member may name a trust, the member's estate, or other legal entity as the beneficiary of the member's annuity savings account or rollover account. **If multiple persons are designated the following shall apply:**

- (1) The member shall indicate the percentage in whole numbers (no decimals or fractions) of total benefits each person is to receive.**
- (2) If percentages are not indicated or not indicated in whole numbers, payments will be disbursed as nearly equally to the named beneficiaries with the first designated beneficiary listed receiving an additional percentage amount in order to distribute in whole percentages. For example: Mona has fifty thousand dollars (\$50,000) in her ASA (defined contribution account) when she dies. Mona designated three (3) primary beneficiaries without assigning a whole percentage number of the total benefit for each to receive. The first listed beneficiary would receive thirty-four percent (34%) and the remaining two (2) beneficiaries would receive thirty-three percent (33%) each.**
- (3) If percentages indicated do not total one hundred percent (100%), each beneficiary shall receive an increased or decreased percentage, which is proportional to the percentages allotted him or her by the member.**
- (4) Subject to subdivision (2) of this rule, if any of the multiple beneficiaries die prior to the member's death, the remaining beneficiaries shall be entitled to the deceased beneficiary's percentage of the total benefits, and each shall receive a percentage of the deceased's share which is nearly equal to the percentage allotted them by the member.**
- (5) So long as a primary beneficiary survives the member, a designated contingent beneficiary is not entitled to a share of the benefit unless the primary beneficiary disclaims the benefit.**

(e) ~~The designated beneficiary's right to a benefit vests upon the death of the member in the designated beneficiary on file with the fund. A change of beneficiary designation must be made in a manner and form approved by the board and must be filed with the fund before the time of death of the member. A change of beneficiary designation received after the time of death of the member is not valid. A written beneficiary designation for the ASA or RSA must be witnessed by an individual other than the member's designated beneficiary. Timely electronic beneficiary designations submitted through the fund's website in a form and manner approved by the board shall be deemed to have met the requirements of this rule.~~ **A new member shall designate, by name, primary and secondary beneficiaries to receive the assets present in the annuity savings account designated by whole number percentage increments on the occasion of the member's death prior to retirement, less any classroom disability benefits paid.**

(f) A member may name a trust, the member's estate, or other legal entity as the beneficiary of the member's annuity savings account (ASA) or rollover account (RSA).

(g) The designated beneficiary's right to a benefit vests upon the death of the member in the designated beneficiary on file with the fund. A change of beneficiary designation must be made in a manner and form approved by the board and must be filed with the fund before the time of death of the member. A change of beneficiary designation received after the time of death of the member is not valid. A written beneficiary designation for the ASA or RSA must be signed by the member. Timely electronic beneficiary designations submitted through the fund's website in a form and manner approved by the board shall be deemed to have met the requirements of this rule.

(h) A member's RSA shall be combined and distributed according to the member's beneficiary designation for the defined contribution account (ASA). A defined contribution account and RSA may not have separate beneficiaries. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-4-4](#); filed Oct 5, 1992, 5:00 p.m.: 16 IR 707; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Mar 27, 2007: [20070404-IR-550070200ONA](#); adopted Apr 21, 2010: [20100505-IR-550100241ONA](#); adopted Nov 19, 2010: [20101208-IR-550100723ONA](#); adopted Apr 29, 2011: [20110511-IR-550110274ONA](#); adopted Feb 17, 2012: [20120222-IR-035120095ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); errata filed Jan 16, 2018, 3:12 p.m.: [20180124-IR-035180061ACA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-4-5](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-4-4](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 16. [35 IAC 14-9-3](#) IS AMENDED TO READ AS FOLLOWS:

[35 IAC 14-9-3](#) Disability retirement

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-4-6](#); [IC 5-10.4-5-1](#)

Sec. 3. (a) To be eligible to receive disability retirement benefits, a member must have been employed under a uniform or supplemental contract, receiving workers' compensation disability benefits, on leave pursuant to the Family Medical Leave Act, or on a leave approved by the school board on the date the Social Security Administration determines the member becomes disabled.

(b) For the purpose of [IC 5-10.2-4-6](#)(a), "while receiving a salary" includes:

- (1) the last check date for a member, but does not include any checks received later than thirty (30) days from the last day the member was paid for physical work, for used sick time, for used compensatory time, or while on other leave or vacation; or**
- (2) that a member will be deemed to be receiving a salary for a period of thirty (30) days from the last day the member was paid for work, for used sick time, for used compensatory time, or for other leave or vacation; or the member's termination of employment related to the illness or injury resulting in the disability and not more than thirty (30) days has elapsed between the employment termination date and Social Security Administration (SSA) disability onset date. INPRS in its sole discretion will determine whether there was a relationship between the injury or illness causing the disability and the termination of covered employment by the participant. Example one: Penny becomes ill while in-service in a covered position and exhausts all leaves and terminates employment due to the illness on July 1. Because of this illness, Penny received a SSA disability onset of July 28 of the same year. Penny meets the "while receiving a salary" definition because there was nexus between the illness and her employment and the onset date is within thirty (30) days of termination. Example two: Peter terminated covered service on July 1 and was paid his final compensation on July 15; on July 28 Peter is involved in an automobile accident while on vacation causing a disability. Peter does not meet the requirement for disability benefits because there is no nexus between the cause of the disability and work and he was not otherwise receiving salary or on leave.**

(c) A member seeking or receiving disability retirement benefits may execute a waiver authorizing the Social Security Administration to annually release to the fund information regarding the member's eligibility to continue receiving Social Security disability insurance payments. (Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-9-3](#); filed Oct 5, 1992, 5:00 p.m.: 16 IR 712; readopted filed Dec 3, 2001, 11:02 a.m.: 25 IR 1731; adopted Mar 27, 2007: [20070404-IR-550070200ONA](#); adopted Apr 26, 2013: [20130508-IR-035130167ONA](#); adopted Sep 11, 2015: [20150923-IR-035150302ONA](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#)) NOTE: Transferred from the Board of Trustees of the Indiana State Teachers' Retirement Fund ([550 IAC 2-9-2](#)) to the Board of Trustees of the Indiana Public Retirement System ([35 IAC 14-9-3](#)) by P.L.23-2011, SECTION 22, effective July 1, 2011.

SECTION 17. [35 IAC 14-9-6.5](#) IS ADDED TO READ AS FOLLOWS:

[35 IAC 14-9-6.5](#) Disability alternatives

Authority: [IC 5-10.5-4-2](#)

Affected: [IC 5-10.2-4-6](#); [IC 5-10.4-5-1](#)

Sec. 6.5. (a) A member who is eligible for early retirement and who has on file with the fund a copy of application to Social Security for Social Security disability benefits may file for early retirement and retain

his or her right to disability benefits. Under such circumstances, when the member notifies the fund that he or she qualifies for Social Security disability benefits, early retirement benefits shall cease and disability benefits shall begin.

(b) A member who has five (5) years of creditable service and who is not eligible for early retirement and has on file with the fund a copy of a request to Social Security for a disability determination may request a lump sum withdrawal of his or her annuity account without prejudice to his or her right to disability benefits under TRF should the Social Security Administration approve the request for disability within three (3) years from the date of the member's termination from employment. If no request to Social Security for a disability determination is on file with INPRS at the time the member applies for disability, the disability application will not be approved or processed unless the member can prove, to INPRS' satisfaction that the request for a Social Security disability determination was made prior to the annuity account distribution.

(c) A member, including a state employee receiving state sponsored long-term disability benefits, may not receive a distribution of the member's ASA under subsection (a) or (b) until the member separates from covered service or the Social Security Administration determines that the member has become disabled and the member has applied for disability benefits. *(Board of Trustees of the Indiana Public Retirement System; [35 IAC 14-9-6.5](#); adopted Sep 14, 2018: [20180919-IR-035180399ONA](#))*

DATED: September 14, 2018

Ken Cochran
Chairperson of the INPRS Board of Trustees
Indiana Public Retirement System

Resolution adopted by 7 affirmative, 0 negative votes.

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